

Big Picture Economic Development Study of Falls Church

Draft

Megatrends Executive Summary

The GMU Center for Regional Analysis examined major economic, demographic, and development trends at the national, regional, and local levels to provide a comprehensive and concise overview of their implications and relevance for the future of the City of Falls Church. This analysis was presented to a community forum on May 18th, and the slides in the presentation are attached. Given below are the key findings and conclusions of the analysis.

- The U.S. economy will grow more slowly in the next ten years as population and labor force growth moderate. While increased labor force participation and immigration have helped meet economic demand in the past, these resources will diminish over the next decade. The aging of the workforce and impending retirement of the “baby boom” generation will create significant labor shortages. The economic structure has been changing over the past decade and more and will continue the patterns of change during the next decade. These changes indicate more growth in services jobs with professional services jobs dominating. The labor shortages coupled with the demand of the professional services sector will result in increased pressures, and opportunities, for retiring baby boomers to work part-time and pursue second careers.
- Over the past several years the Washington region’s economy has led the nation in job growth, having added 287,000 jobs from 1999 to 2004, exceeding second place Miami by 96,000 jobs – or 50 percent more. Federal spending in the region’s economy coupled with growth of organizations and companies tied to the national capital functions is the primary force in this economic growth.
- As the region’s economy has grown over the last few decades, the patterns of growth have shifted from the central city to suburban centers. Federal procurement spending patterns have resulted in a dominant share of this economic growth shift occurring in Northern Virginia. Over the past five years Northern Virginia had slightly more than half of total regional growth and outpaced job growth in Suburban Maryland by two to one. Over the next few years the region and Northern Virginia will see moderating economic growth rates.
- Low mortgage rates, job growth, and local public policies that have limited adequate housing supply have resulted in housing shortages, particularly in close-in areas, and also have put significant upward pressure on

housing prices. These trends are acutely apparent inside the Beltway in Northern Virginia – in Falls Church and surrounding areas.

- Within the regional economic and demographic trends, Falls Church
 - Is less diverse racially
 - Has not experienced as much foreign-born population growth as its neighbors
 - Has fewer children proportionately than its neighbors except Arlington,
 - Has proportionately more population 65+ than its neighbors
 - Has higher labor force participation rates and higher educational levels
 - Leads in proportion of workers employed in management and professional occupations and in per capita income
 - Has higher average housing values and leads the region in the recent high increases in housing values.
- Key trends driving development of Falls Church include:
 - Northern Virginia's surging growth
 - Growth of high quality jobs
 - Aging of the population and growth of “early” and “empty” nesters
 - Shortage of housing and increasing housing prices
 - Increases in commuting and congestion costs that have placed higher premiums and value on close-in locations
 - Changing patterns of density and mix of uses to meet preferences of an increasingly diverse and urban population
- The region's growth patterns in the last 10-15 years have resulted in Falls Church becoming an even more desirable location than it used to be. The large amount of residential and job growth outside the Beltway, coupled with lack of infrastructure keeping pace with that growth, have put a premium on closer-in locations. Falls Church is such a location, and its location between Tyson's Corner and the Rosslyn-Ballston Corridor are resulting in development pressures in the city, but they also present the city with an opportunity to create a dynamic village-scale environment for residents and workers. It can be of such a scale as to be very attractive to all who seek the “urban village”, mixed use environment in which some residents can walk to work, residents and workers have a broad spectrum of shopping and recreational opportunities, and overall the city has a very sustainable development pattern and mix.
- New housing is an essential component of economic development strategy. Residents of new housing provide additional work force for area

employers, which can be an attraction for additional employers. As importantly, new resident incomes are spent at nearby shops and restaurants and other activities, and provide the necessary “night-time population” for local business.

- Nearly 500,000 square feet of new space for retail space for groceries, health care, personal care, entertainment and restaurants could be supported by the current population of the city. The approximate 100,000 residents who live in nearby Fairfax and Arlington have \$1.6 billion in disposable income that provide real opportunities for additional retail and service demands.
- Situated between the high cost and high density office markets in Tyson’s Corner and Rosslyn-Ballston, there are opportunities for the city to attract firms and organizations that want an urban environment at a somewhat smaller scale but of sufficient density to support costs of similar amenities and structured parking. Smaller sized federal contracting firms and associations might fit this potential.
- The potential for new retail and office development coupled with a strong and sustainable market demand for more condominiums and apartments provide the City of Falls Church the critical choice in shaping a vibrant and dynamic community for decades to come.